



Control Number: 52373



Item Number: 133

Public Utility Commission of Texas

Commissioner Memorandum

2021 SEP 22 PM 12:49

TO: Chairman Peter M. Lake
Commissioner Lori Cobos
Commissioner Jimmy Glotfelty

FROM: Commissioner Will McAdams

DATE: September 22, 2021

RE: Project No. 52373, Item No. 16 – *Review of Wholesale Electric Market Design*

I proposed last week's memo under Project No. 52373 in an effort to impose a framework of adjustments that will have the intended effect of stabilizing the ERCOT marketplace as we undertake market design changes and reassuring the public that market mechanisms will be in effect that ensure reliability by this winter.

Consistent with our discussion at the September 16, 2021 Workshop, I propose that Staff open two projects for narrowly-scoped rulemakings and pose the following questions to market participants for feedback:

- **16 Texas Administrative Code § 25.505**
 - Should the high system-wide offer cap be moved away from \$9,000 per MWh?
 - Should a specific Value of Lost Load be set by Commission rule and, if so, what should that value be?
 - Should the frequency of the Resource Adequacy Reports be changed in rule?
- **16 Texas Administrative Code § 25.507**
 - Should the Emergency Response Service be procured prior to reaching an Energy Emergency Alert event level?
 - Should the amount of money available for ERS procurement be increased?

Finally, I would ask that a separate project be opened, unrelated to any rulemaking, that would serve as a repository for comments related to potential Operating Reserve Demand Curve adjustments, including modelling changes to the Minimum Contingency Level.

Each of these policies could be adjusted within the current market design that all industry participants and stakeholder are familiar with without necessitating a design change to current ERCOT functions. As narrowly defined projects they could be actioned well within time to positively effect market conditions during the winter of 2022. In light of public concern that the grid will be ready for cold weather I believe the referenced proceedings take a great step ensure reliability with the tools we currently have at our disposal.

I look forward to discussing this matter with you at the next open meeting.